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Mexico

Oilseeds and Products

Annual

2006

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Report Highlights: Mexico's imports of U.S. soybeans will increase by more than 10 percent in MY 2006/07 on the strength of the Mexican economy. Soybean production in Mexico is expected to increase by approximately 10 percent, though domestic soybean production provides for only 4 percent of total consumption. Total meal imports are expected to remain high in MY 2006/2007 due to expanding livestock production. Similarly, imports of oil products are forecast to increase, driven by changing dietary preferences resulting from greater purchasing power amongst middle-income consumers.

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
Annual Report
Mexico [MX1]
[MX]

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SECTION I. SITUATION AND OUTLOOK FOR OILSEEDS

The Mexican economy is forecast to grow by 4.1 percent in 2006, compared to 2.9 percent growth in 2005. This relatively strong economic growth is driving increased demand for meat products, largely because middle-income consumers tend to switch to meat as a preferred source of protein as incomes increase. Similarly, Mexican consumers are consuming more products containing vegetable oils, particularly soybean oil, as rising incomes have stimulated demand for convenience foods and other vegetable oil derived products. In MY 2006/07, demand for oilseed products is forecasted to increase between one and three percent. Furthermore, consumer demand for soybean oil is expected to increase by approximately four percent in MY 2006/07.

Mexican soybean production is anticipated to increase to 160,000 MT in MY 2006/07 (August-September), a 10 percent increase over MY 2005/06. Increased planted area, rather than higher yields, is the primary driver for increased production. It should be noted, however, that domestic soybean production represents only four percent of total consumption. Thus, given the increased demand for soybean products, soybean imports will also increase in MY 2006/07. MY 2004/05 and MY 2005/06 import estimates remain unchanged. The domestic consumption figures for MY 2005/06 have been elevated to reflect official Mexican government data and industry information. Production estimates and the planted and harvested areas for MY 2004/05 and MY 2005/06 also reflect the latest official Mexican government data.

Mexican cotton production is forecast to decline to 617,000 bales (480 lb.) in MY 2006/07, a decrease of approximately three percent from the MY 20005/06 estimated production. The decline in cotton production is due two main factors:

1. A late announcement by the Ministry of Agriculture (SAGARPA) regarding the specifics of the MY 2006/07 Cotton Price Support Program which caused many farmers to switch to other crops; and
2. White fly infestation that affected several cotton producing states last season, especially Sonora.

In general, many Mexican farmers are starting to look to more profitable alternative crops, such as corn and wheat.

Mexican peanut production is expected to rebound from 69,000 MT in MY 2005/06 (September/August) to 93,000 MT in MY 2006/07. This anticipated recovery, which assumes more favorable weather conditions next year, is driven by increased harvested area. FAS/Mexico revised the MY 2005/06 peanut production estimate sharply downward because of drought in the main production areas. Palm oil production in MY 2006/07 is expected to increase to 27,000 MT based on the growth of harvested area.

Imports of oilseeds into Mexico are forecast to increase in MY 2006/07, with the U.S. share of the overall Mexican market for these products remaining about the same as MY 2005/06. This upward trend in imports is expected to continue for the foreseeable future. The U.S. is, and will continue to be, the major oilseeds supplier to Mexico due to its geographic proximity, market promotion efforts, and various credit guarantee schemes. Although the GOM would like to achieve greater self-sufficiency in oilseed production, this may be difficult as the vast majority of Mexico's soybean production takes place on non-irrigated land. Thus, considerable investments in irrigation systems would be necessary to make any significant change in Mexico's production to use ratio of oilseeds.

Consolidation and investment in the Mexican crushing industry is expected to continue in the medium-term. Currently, five companies account for nearly 80 percent of total domestic capacity in the oilseeds crushing industry (Agydsa, Hidrogenadora, Yucateca, Cargill de Mexico, Ragasa, and La Corona). Despite the fact that Mexico's crushing industry continues to expand, oil meal imports are expected to increase in the near term, as domestic demand is increasing at a faster rate than the production capacity. Similarly, oil imports are expected to increase to 672,000 MT in MY 2006/07 as consumer demand for cooking and table use is forecast to outstrip increases in domestic production.

SECTION II. STATISTICAL TABLES

PS&D TOTAL, OILSEEDS

PSD Table						
Country	Mexico					
Commodity	Oilseed, Total			(1000 HA)(1000 MT)		
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Area Planted	185	270	190	301	0	294
Area Harvested	246	256	267	271	0	286
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	120	120	79	84	69	68
Production	437	435	432	433	0	465
MY Imports	5082	5082	5320	5309	0	5481
MY Imp. from U.S.	3949	3949	3680	3735	0	4110
MY Imp. from the EC	66	66	66	66	0	65
TOTAL SUPPLY	5639	5637	5831	5826	69	6014
MY Exports	10	4	12	3	0	2
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	5295	5295	5491	5496	0	5682
Food Use Dom. Consump.	177	184	182	182	0	186
Feed,Seed,Waste Dm.Cn.	78	70	77	77	0	77
TOTAL Dom. Consumption	5550	5549	5750	5755	0	5945
Ending Stocks	79	84	69	68	0	67
TOTAL DISTRIBUTION	5639	5637	5831	5826	0	6014
Calendar Year Imports	1040	5044	1180	5195	0	5377
Calendar Yr Imp. U.S.	15	3148	15	4036	0	4183
Calendar Year Exports	10	3	10	1	0	2
Calndr Yr Exp. to U.S.	0	3	0	1	0	2

PS&D OILSEED, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Oilseed, Soybean				(1000 HA)(1000 MT)	
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Area Planted	0	96	0	107	0	115
Area Harvested	80	88	80	97	0	110
Beginning Stocks	40	40	40	47	40	41
Production	125	132	125	145	0	160
MY Imports	3640	3640	3725	3725	0	3855
MY Imp. from U.S.	3542	3542	3300	3350	0	3740
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	3805	3812	3890	3917	40	4056
MY Exports	1	1	0	1	0	1
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	3729	3729	3815	3840	0	3980
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	35	35	35	35	0	35
TOTAL Dom. Consumption	3764	3764	3850	3875	0	4015
Ending Stocks	40	47	40	41	0	40
TOTAL DISTRIBUTION	3805	3812	3890	3917	0	4056
Calendar Year Imports	0	3538	0	3714	0	3845
Calendar Yr Imp. U.S.	0	2744	0	3652	0	3780
Calendar Year Exports	0	2	0	1	0	1
Calndr Yr Exp. to U.S.	0	2	0	1	0	1

PS&D OILSEED, PEANUT

PSD Table						
Country	Mexico					
Commodity	Oilseed, Peanut				(1000 HA)(1000 MT)	
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Area Planted	80	62	60	63	0	63
Area Harvested	60	60	60	47	0	61
Beginning Stocks	0	0	0	0	0	0
Production	91	91	91	69	0	93
MY Imports	97	97	105	117	0	97
My Imp. from U.S.	29	29	30	35	0	30
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	188	188	196	186	0	190
MY Exports	7	0	10	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	4	4	4	4	0	4
Food Use Dom. Consump.	177	184	182	182	0	186
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	181	188	186	186	0	190
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	188	188	196	186	0	190
Calendar Year Imports	90	98	105	101	0	98
Calendar Yr Imp. U.S.	15	32	15	29	0	32
Calendar Year Exports	10	0	10	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OILSEED, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Cottonseed			(1000 HA)(1000 MT)(RATIO)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2004		08/2005		08/2006	
Area Planted (COTTON)	105	111	130	130	0	115
Area Harvested(COTTON)	105	107	126	126	0	114
Seed to Lint Ratio	0	0	0	0	0	0
Beginning Stocks	3	3	0	0	0	0
Production	220	211	215	218	0	211
MY Imports	308	308	280	280	0	294
MY Imp. from U.S.	308	308	280	280	0	294
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	531	522	495	498	0	505
MY Exports	2	1	2	2	0	1
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	489	489	455	455	0	465
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cm.	40	32	38	41	0	39
TOTAL Dom. Consumption	529	521	493	496	0	504
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	531	522	495	498	0	505
Calendar Year Imports	0	281	0	309	0	320
Calendar Yr Imp. U.S.	0	281	0	309	0	320
Calendar Year Exports	0	1	0	0	0	1
Calndr Yr Exp. to U.S.	0	1	0	0	0	1

PS&D OILSEED, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Sunflowerseed			(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Area Planted	0	1	0	1	0	1
Area Harvested	1	1	1	1	0	1
Beginning Stocks	1	1	1	1	1	1
Production	1	1	1	1	0	1
MY Imports	11	11	35	12	0	15
MY Imp. from U.S.	5	5	5	5	0	6
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	13	13	37	14	1	17
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	9	9	32	12	0	13
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	3	3	4	1	0	3
TOTAL Dom. Consumption	12	12	36	13	0	16
Ending Stocks	1	1	1	1	0	1
TOTAL DISTRIBUTION	13	13	37	14	0	17
Calendar Year Imports	0	11	0	12	0	14
Calendar Yr Imp. U.S.	0	6	0	5	0	6
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OILSEED, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Oilseed, Rapeseed			(1000 HA)(1000 MT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Area Planted	0	0	0	0	0	0
Area Harvested	0	0	0	0	0	0
Beginning Stocks	76	76	38	38	28	28
Production	0	0	0	0	0	0
MY Imports	1026	1026	1175	1175	0	1220
MY Imp. from U.S.	65	65	65	65	0	70
MY Imp. from the EC	66	66	66	66	0	65
TOTAL SUPPLY	1102	1102	1213	1213	28	1248
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	1064	1064	1185	1185	0	1220
Food Use Dom. Consump.	0	0	0	0	0	0
Feed,Seed,Waste Dm.Cn.	0	0	0	0	0	0
TOTAL Dom. Consumption	1064	1064	1185	1185	0	1220
Ending Stocks	38	38	28	28	0	28
TOTAL DISTRIBUTION	1102	1102	1213	1213	0	1248
Calendar Year Imports	950	1116	1075	1059	0	1100
Calendar Yr Imp. U.S.	0	85	0	41	0	45
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL TOTAL

PSD Table						
Country	México					
Commodity	Meal, Total				(1000 HA)(1000 MT)	
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Crush	5291	5291	5487	5496	0	5678
Extr. Rate, 999.9999	2.222689	2.222689	2.133633	2.139588	0	2.162742
Beginning Stocks	109	109	108	108	110	111
Production	3749	3749	3813	3823	0	4021
MY Imports	1264	1297	1363	1393	0	1429
MY Imp. from U.S.	1254	1293	1353	1390	0	1428
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	5122	5155	5284	5324	110	5561
MY Exports	2	2	3	2	0	2
MY Exp. to the EC	0	0	0	0	0	0
Crush Dom. Consumption	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	50	0	50
Feed,Seed,Waste Dm.Cn.	4962	4995	5121	5161	0	5403
TOTAL Dom. Consumption	5012	5045	5171	5211	0	5453
Ending Stocks	108	108	110	111	0	106
TOTAL DISTRIBUTION	5122	5155	5284	5324	0	5561
Calendar Year Imports	10	982	10	1394	0	1418
Calendar Yr Imp. U.S.	0	971	0	1389	0	1416
Calendar Year Exports	0	0	0	1	0	1
CaIndr Yr Exp. to U.S.	0	0	0	1	0	1

PS&D MEAL, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Meal, Soybean			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Crush	3729	3729	3815	3840	0	3980
Extr. Rate, 999.9999	0.793242	0.793242	0.793446	0.792968	0	0.793216
Beginning Stocks	109	109	108	108	110	111
Production	2958	2958	3027	3045	0	3157
MY Imports	1110	1110	1200	1200	0	1250
MY Imp. from U.S.	1110	1110	1200	1200	0	1250
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	4177	4177	4335	4353	110	4518
MY Exports	2	2	3	2	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	50	50	50	50	0	50
Feed Waste Dom. Consum	4017	4017	4172	4190	0	4360
TOTAL Dom. Consumption	4067	4067	4222	4240	0	4410
Ending Stocks	108	108	110	111	0	106
TOTAL DISTRIBUTION	4177	4177	4335	4353	0	4518
Calendar Year Imports	0	798	0	1180	0	1230
Calendar Yr Imp. U.S.	0	798	0	1180	0	1230
Calendar Year Exports	0	0	0	1	0	1
Calndr Yr Exp. to U.S.	0	0	0	1	0	1

PS&D MEAL, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Meal, Cottonseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2004		08/2005		08/2006	
Crush	489	489	455	459	0	465
Extr. Rate, 999.9999	0.453987	0.453987	0.457142	0.453159	0	0.453763
Beginning Stocks	0	0	0	0	0	0
Production	222	222	208	208	0	211
MY Imports	141	141	150	160	0	165
MY Imp. from U.S.	141	141	150	160	0	165
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	363	363	358	368	0	376
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	363	363	358	368	0	376
TOTAL Dom. Consumption	363	363	358	368	0	376
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	363	363	358	368	0	376
Calendar Year Imports	0	122	0	161	0	167
Calendar Yr Imp. U.S.	0	122	0	161	0	167
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Meal, Rapeseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Crush	1064	1064	1185	1185	0	1220
Extr. Rate, 999.9999	0.531015	0.531015	0.476793	0.476793	0	0.531148
Beginning Stocks	0	0	0	0	0	0
Production	565	565	565	565	0	648
MY Imports	10	43	10	30	0	10
MY Imp. from U.S.	0	39	0	27	0	9
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	575	608	575	595	0	658
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	575	608	575	595	0	658
TOTAL Dom. Consumption	575	608	575	595	0	658
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	575	608	575	595	0	658
Calendar Year Imports	10	60	10	50	0	17
Calendar Yr Imp. U.S.	0	49	0	45	0	15
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D MEAL, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Meal, Sunflowerseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Crush	9	9	32	12	0	13
Extr. Rate, 999.9999	0.444444	0.444444	0.40625	0.416666	0	0.384615
Beginning Stocks	0	0	0	0	0	0
Production	4	4	13	5	0	5
MY Imports	3	3	3	3	0	4
MY Imp. from U.S.	3	3	3	3	0	4
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	7	7	16	8	0	9
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum	7	7	16	8	0	9
TOTAL Dom. Consumption	7	7	16	8	0	9
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	7	7	16	8	0	9
Calendar Year Imports	0	2	0	3	0	4
Calendar Yr Imp. U.S.	0	2	0	3	0	4
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL TOTAL

PS&D Table						
Country	Mexico					
Commodity	Oil, Total			(1000 MT)(PERCENT)		
	2004 Revised		2005 Estimate		2006 Forecast	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Crush	5506	5506	5704	5711	0	5903
Extr. Rate, 999.9999	2.216668	2.216668	1.576288	1.591568	0	1.558048
Area Planted	0	15	0	15	0	16
Area Harvested	0	15	0	15	0	16
Beginning Stocks	8	8	8	9	8	8
Production	1266	1266	1274	1273	0	1313
MY Imports	587	577	660	634	0	672
MY Imp. from U.S.	221	221	221	219	0	224
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1861	1851	1942	1916	8	1998
MY Exports	31	38	39	38	0	44
MY Exp. to the EC	2	2	2	2	0	0
Industrial Dom. Consum	393	383	428	404	0	432
Food Use Dom. Consump.	1423	1415	1462	1461	0	1508
Feed Waste Dom. Consum	6	6	5	5	0	5
TOTAL Dom. Consumption	1830	1812	1903	1877	0	1954
Ending Stocks	8	9	8	8	0	9
TOTAL DISTRIBUTION	1861	1851	1942	1916	0	1998
Calendar Year Imports	90	595	90	654	0	694
Calendar Yr Imp. U.S.	30	227	30	227	0	230
Calendar Year Exports	0	41	0	39	0	41
Calndr Yr Exp. to U.S.	0	37	0	37	0	38

PS&D OIL, SOYBEAN

PSD Table						
Country	Mexico					
Commodity	Oil, Soybean			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	09/2004		09/2005		09/2006	
Crush	3729	3729	3815	3840	0	3980
Extr. Rate, 999.9999	0.170287	0.170287	0.17038	0.170573	0	0.170352
Beginning Stocks	6	6	6	7	6	6
Production	635	635	650	655	0	678
MY Imports	148	148	150	150	0	155
MY Imp. from U.S.	148	148	150	150	0	155
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	789	789	806	812	6	839
MY Exports	2	1	2	1	0	2
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	775	775	793	800	0	825
Feed Waste Dom. Consum	6	6	5	5	0	5
TOTAL Dom. Consumption	781	781	798	805	0	830
Ending Stocks	6	7	6	6	0	7
TOTAL DISTRIBUTION	789	789	806	812	0	839
Calendar Year Imports	0	92	0	161	0	166
Calendar Yr Imp. U.S.	0	92	0	161	0	166
Calendar Year Exports	0	2	0	1	0	1
Calndr Yr Exp. to U.S.	0	2	0	1	0	1

PS&D OIL, SUNFLOWERSEED

PSD Table						
Country	Mexico					
Commodity	Oil, Sunflowerseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Crush	9	9	32	12	0	13
Extr. Rate, 999.9999	1	1	0.40625	0.416666	0	0.384615
Beginning Stocks	2	2	2	2	2	2
Production	9	9	13	5	0	5
MY Imports	53	53	85	85	0	93
MY Imp. from U.S.	5	5	5	5	0	6
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	64	64	100	92	2	100
MY Exports	29	37	37	37	0	42
MY Exp. to the EC	2	2	2	2	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	33	25	61	53	0	56
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	33	25	61	53	0	56
Ending Stocks	2	2	2	2	0	2
TOTAL DISTRIBUTION	64	64	100	92	0	100
Calendar Year Imports	0	98	0	108	0	118
Calendar Yr Imp. U.S.	0	55	0	6	0	4
Calendar Year Exports	0	39	0	38	0	40
Calndr Yr Exp. to U.S.	0	35	0	36	0	37

PS&D OIL, RAPESEED

PSD Table						
Country	Mexico					
Commodity	Oil, Rapeseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	10/2004		10/2005		10/2006	
Crush	1064	1064	1185	1185	0	1220
Extr. Rate, 999.9999	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	406	406	400	400	0	412
MY Imports	87	87	90	90	0	88
MY Imp. from U.S.	63	63	60	60	0	58
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	493	493	490	490	0	505
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	493	493	490	490	0	505
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	493	493	490	490	0	505
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	493	493	490	490	0	505
Calendar Year Imports	90	116	90	77	0	75
Calendar Yr Imp. U.S.	30	75	30	57	0	56
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, COCONUT

PSD Table						
Country	Mexico					
Commodity	Oil, Coconut			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2005		01/2006		01/2007	
Crush	215	215	217	219	0	225
Extr. Rate, 999.9999	0.493023	0.493023	0.488479	0.493150	0	0.493333
Beginning Stocks	0	0	0	0	0	0
Production	106	106	106	108	0	111
MY Imports	6	6	6	5	0	6
MY Imp. from U.S.	2	2	2	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	112	112	112	113	0	117
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	77	77	77	78	0	80
Food Use Dom. Consump.	35	35	35	35	0	37
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	112	112	112	113	0	117
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	112	112	112	113	0	117
Calendar Year Imports	0	6	0	5	0	6
Calendar Yr Imp. U.S.	0	2	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, COTTONSEED

PSD Table						
Country	Mexico					
Commodity	Oil, Cottonseed			(1000 MT)(PERCENT)		
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	08/2004		08/2005		08/2006	
Crush	489	489	455	455	0	465
Extr. Rate, 999.9999	0.171779	0.171779	0.173626	0.173626	0	0.172043
Beginning Stocks	0	0	0	0	0	0
Production	84	84	79	79	0	80
MY Imports	3	3	4	4	0	5
MY Imp. from U.S.	3	3	4	4	0	5
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	87	87	83	83	0	85
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	87	87	83	83	0	85
Feed Waste Dom. Consum	0	0	0	0	0	0
TOTAL Dom. Consumption	87	87	83	83	0	85
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	87	87	83	83	0	85
Calendar Year Imports	0	3	0	3	0	4
Calendar Yr Imp. U.S.	0	3	0	3	0	4
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

PS&D OIL, PALM

PSD Table						
Country	Mexico					
Commodity	Oil, Palm		(1000 HA)(1000 TREES)(1000 MT)			
	2004	Revised	2005	Estimate	2006	Forecast
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	01/2005		01/2006		01/2007	
Area Planted	0	15	0	15	0	16
Area Harvested	0	15	0	15	0	16
Trees	0	0	0	0	0	0
Beginning Stocks	0	0	0	0	0	0
Production	26	26	26	26	0	27
MY Imports	290	280	325	300	0	325
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	316	306	351	326	0	352
MY Exports	0	0	0	0	0	0
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	316	306	351	326	0	352
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Consumption	0	0	0	0	0	0
TOTAL Dom. Consumption	316	306	351	326	0	352
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	316	306	351	326	0	352
Calendar Year Imports	0	280	0	300	0	325
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

FEED DEMAND STRATEGIC INDICATOR TABLE FOR MEXICO

FEED DEMAND STRATEGIC INDICATOR TABLE FOR MEXICO				
MEAT PRODUCTION				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2002	2003	2004	2005
Poultry				
Poultry Meat:	2,187,936	2,297,000	2,380,000	2,510,000
Eggs:	2,034,436	1,956,351	1,995,478	N/A
Pork:	1,085,000	1,043,030	1,068,848	1,175,000
COMPOUND FEED SECTOR				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2002	2003	2004	2005
Compound Feed Capacity	30,500,000	31,000,000	31,000,000	N/A
Total Compound Feed Produced	22,533,000	22,725,000	23,240,000	N/A
------ by integrated producers	14,583,000	14,575,000	14,988,000	N/A
------ by commercial producers	7,995,000	8,150,000	8,252,000	N/A
FEED GRAIN USE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2002	2003	2004	2005
Corn (Domestic consumption: feed)	9,300,000	11,200,000	12,100,000	12,600,000
Other (specify)	N/A	N/A	N/A	N/A
PROTEIN - ENERGY USAGE				
		Last Year	Current Year	Out Year Forecast
Marketing Year:	2002	2003	2004	2005
Total Protein Meal (feed waste domestic consumption)	4,763,000	4,979,000	5,194,000	5,161,000
Soy Bean Meal (feed waste domestic consumption)	4,042,000	4,179,000	4,043,000	4,190,000
Other Protein Meal, e.g. Palm Kernel Meal, Rape Meal (feed waste domestic consumption)	721,000	800,000	1,151,000	971,000
Fish Meal	N/A	N/A	N/A	N/A
Palm Crude Oil (feed waste domestic consumption)	N/A	N/A	N/A	N/A
TRADE (Metric Tons)				
		Last Year	Current Year	Out Year Forecast
Calendar Year:	2002	2003	2004	2005
Corn				
Imports:	5,505,398	5,756,354	5,509,177	5,731,645
Exports:	157,396	2,059	1,937	46,426
Soy Beans				
Imports:	4,382,507	4,175,876	3,539,023	3,714,009
Exports:	327	2,059	2,366	970
Soy Bean Meal				
Imports:	470,947	684,787	798,006	1,179,746
Exports:	531	849	582	2,919
Fish Meal				
Imports:	95,184	14,169	28,337	28,979
Exports:	19,558	19,021	8,714	11,469
Palm Crude Oil				
Imports:	181,330	187,203	263,860	268,668
Exports:	0	0	192	19

PROTEIN PRODUCTS TARIFFS AND TAXES Report Year:2006	Product Description 1/	Bound Rate (%)	Applied Rate (%)	Other Import Taxes/Fees
0505.90	FEATHER MEAL	36	10	N/A
1501.00.00.60	YELLOW GREASE	254	254	N/A
1502.00.00.40	INEDIBLE TALLOW	18	10	N/A
1511	PALM OIL	45	10	N/A
1518	ANML/VG FTS &OILS	45	10	N/A
2301.10	MEAT AND BONE MEAL	36	15	N/A
2301.20	FISH MEAL	45	15	N/A

INDICATIVE OILSEED PRICES						
	As of march 28, 2006		As of February 28, 2006		As of October 2005	
	US$/MT	MX$	US$/MT	MX$	US$/MT	MX$
Soybean						
Border	235.00	2,549	237.45	2,576	240.30	2,607
Gulf	237.00	2,571	242.00	2,625	244.50	2,647
Pacific	239.00	2,593	244.00	2,647	248.00	2,650
Canola Seed						
Gulf	279.00	3,027	273.00	2,962	271.00	2,940
Pacific	274.50	2,978	268.40	2,912	267.50	2,902
Sunflower seed	N/a	N/a	N/a	N/a	N/a	N/a
Crude oil						
S. America soybean	500.00	5,425	500.00	5,425	551.00	5,978
S. America sunflower	605.00	6,564	610.00	6,618	660.00	7,161
Cotton	N/a	N/a	N/a	N/a	N/a	N/a
Canola	570.00	6,184	560.00	6,076	625.00	6,781
Palm	475.00	5,153	490.00	5,316	470.00	5,099
Palm olein	455.00	4,936	465.00	5,045	485.00	5,262
Palm stearin	435.00	4,719	455.00	4,936	420.00	4,557
Corn	710.00	7,703	705.00	7,649	705.00	7,649
Soybean meal						
Border	217.50	2,359	218.80	2,373	215.30	2,336

SECTION III. NARRATIVE ON SUPPLY, DEMAND, POLICY, & MARKETING

OILSEEDS

Production

Overall oilseed production in Mexico is expected to increase by approximately 7 percent in MY 2006/07, largely due to increased soybean and peanut production. This increase in soybean and peanut production also offsets a sharp decline in cottonseed production. Preliminary planting intentions of cotton growers for MY 2006/07 signal a decline of 11.5 percent in planted area compared to the previous year. This drastic year-over-year reduction has been driven by changes in public policy, pest infestations, and unfavorable weather (see cottonseed production section). Despite the fact that farmers are shifting cottonseed land towards more profitable crops, MY 2006/07 cottonseed production still represents approximately 45 percent of all Mexican oilseed output, down from 50 percent a year ago. MY 2006/07 soybean harvested area is forecast to increase by 13 percent to 110,000 ha, with production forecast at 160,000 MT. According to Mexico's National Association of Oils, Fats and Shortening (ANIAME), despite relatively attractive soybean prices, it is unlikely that planted area will increase sharply in the coming years. Mexican farmers that are shifting land out of cottonseed tend to be more familiar with the cultural practices of crops such as corn and sorghum, and thus are more likely to move their productive land into producing those crops.

Mexico's MY 2006/07 peanut production is forecast at 93,000 MT, a 37 percent increase over MY 2005/06. This increase is based on the assumption that normal weather conditions will resume. The previous planting season was characterized by unusually dry conditions at planting time, and erratic rains during the growing season, mainly in the states of Puebla and Sinaloa.

ANIAME reported that the production of palm oil in the states of Tabasco, Veracruz, Campeche, and Chiapas has continued to increase. They estimate that approximately 15,000 ha are currently in production. Planted area should increase marginally in MY 2006/07 to 16,000 ha. The trade association recognizes, however, that this estimate cannot be corroborated without a census. The Secretariat of Agriculture, Livestock, Rural Development, Fishing and Food (SAGARPA) does not monitor oil palm production on a regular basis.

A flat-rate payment of $963 pesos/ha (roughly U.S. $90.59/ha) was allocated to soybean and other crop farmers during the 2005 spring/summer crop cycle. This payment plan will be repeated for the 2005/06 fall/winter crop cycle. Support payments are provided for under PROCAMPO, the Mexican domestic agriculture support program. In an effort to bolster the incomes of the rural poor, the Government of Mexico pays farmers with production areas of between one and five hectares slightly more, $1,160 pesos/ha (approximately U.S. $109/ha). They have yet to announce the payment amount for the 2006 spring/summer crop cycle.

On December 19, 2005, SAGARPA announced in the *Diario Oficial*, a support program for soybean, canola, corn, sorghum, wheat, and rice producers in several states for the 2005 spring/summer crop cycle. These support payments are a part of the Target Price Program (see MX3098, MX4033 and MX5022). The following table outlines state-specific compensation per metric ton (called "Complementary Income Support") for soybeans and canola:

State	Product	Total Volume Subsidized (MT)	Payment per Metric Ton (Pesos)*
Campeche	Soybean	15,000	575
Chiapas	Soybean	25,000	250
Michoacan	Canola	1,400	300
Nuevo Leon	Soybean	1,200	800
Puebla	Canola	2,000	250
Quintana Roo	Soybean	1,300	575
San Luis Potosi	Soybean	12,000	800
Sinaloa	Soybean	5,000	500
State of Mexico	Canola	100	300
Tamaulipas	Soybean	90,000	800
Tlaxcala	Canola	2,000	250

*Exchange rate is approximately US $1 = MX $10.63

Soybean Production

Mexican soybean production for MY 2006/07 is forecast to increase by 10 percent to 160,000 MT based on official and private sector projections. This increase is attributed to an increase in planted area, mainly in Tamaulipas and Chiapas, and assumes the resumption of normal weather conditions. Despite this greater production, Mexican producers still only supply four percent of total domestic consumption. Due to revised SAGARPA data, and preliminary information from private sources, FAS/Mexico estimates for soybean production and harvested area for MY 2004/05 and MY 2005/06 were adjusted upward. It should be noted, however, that ANIAME considers SAGARPA's production estimate to be too high. In fact, ANIAME economists estimate that soybean production for the MY 2005/06 spring/summer crop will be no more than 90,000 MT. Official sources, however, insisted that the larger output is due to an increase in harvested area of approximately 7,000 ha.

Cottonseed Production

According to the Confederation of Mexican Cotton Associations (CMCA), the planted area for cotton will reach only 115,000 hectares (ha.) in MY 2006/07, an 11.5 percent decrease from the revised MY 2005/06 area estimate of 130,000 ha. As a result of this decrease in planted area, and significant drops in yields in certain areas, cotton production is expected to reach approximately 617,000 bales, a decrease of approximately 3 percent from MY 2005/06 estimated production. The reduction in cotton production in Mexico is due two main factors:

1. A late announcement by SAGARPA regarding the specifics of the MY 2006/07 Cotton Price Support Program; and
2. White fly infestation that affected several cotton producing states, especially Sonora. The 2005 infestation has discouraged many farmers from planting cotton again this year.

The forecast for MY 2006/07 cotton area and production by state is as follows:

COTTON FORECAST MY 2006/07			
Region	Planted Area	Yield (MT/Ha)	Production (Bales)
Sinaloa	-	-	-
South Sonora	1,800	4.5	8,100
North Sonora	1,000	4.0	4,000
Mexicali, Baja California	26,285	4.8	126,160
Juarez, Chihuahua	36,200	4.9	177,380
Delicias, Chihuahua	7,800	5.8	45,240
Ojinaga & Aldama, Chihuahua	16,000	5.8	92,800
La Laguna, Coahuila & Durango	22,000	7.0	154,000
North Tamaulipas	3,000	3.0	9,000
TOTAL	114,085	5.4	616,680

Peanut Production

Peanut production in Mexico is expected to rebound from 69,000 MT in MY 2005/06 (September/August) to 93,000 MT in MY 2006/07. This recovery is due to an increase in harvested area, and assumes more favorable weather conditions. FAS/Mexico revised the MY 2005/06 production estimate sharply downward because a lack of rainfall in the main production areas led to severe reductions in harvested area. According to official preliminary information, peanut production in the main producing states decreased by over 25.6 percent during the 2005 spring/summer crop cycle, compared with same crop a year earlier. In Puebla, one of the major peanut producing states in Mexico, preliminary information indicates that the 2005 spring/summer crop reached 6,627 MT, approximately 42 percent lower than the 2004 spring/summer crop. At least part of this decline is attributable to the fact that 4,678 ha of peanut production land was damaged by the uncharacteristically dry weather. According to SAGARPA sources, unfavorable weather conditions in Sinaloa also damaged peanut land. The state production for the 2005 spring/summer crop cycle was 2,176 MT, 88 percent lower than the previous year. Despite year-to-year variances, average peanut production in Mexico has remained basically the same over the past ten years. This stagnant production is attributed to the fact that:

1. Peanut farmers have little or no access to credit;
2. Government support programs for peanuts are low relative to other crops; and
3. Mexican producers cannot compete with low-priced peanuts imported from China, Nicaragua, and Argentina.

As a result, there is generally no expectation that peanut production will increase in the short or medium term. It should be noted that, as with palm oil, SAGARPA only monitors peanut production on an annual basis. Based on this annual production data, FAS/Mexico has revised slightly downward the harvested area and production estimate for MY 2005/06.

Consumption, Total

Consumption of oilseed products is expected to increase in MY 2006/07 as Mexico's relatively strong economy has driven changes in dietary preferences. Consumption is expected to reach a record 5.945 MMT, an increase of nearly 3.3 percent over MY 2005/06, almost entirely attributable to demand by livestock sector. The Mexican feed millers association, for example, expects production in the livestock sector to increase between 3.5 and 4 percent in CY 2006. The poultry sector continues to be the major consumer of oilseed meal and is expected to grow by approximately 5 percent in MY 2006 (see MX6011). Other important end-users of oil meals include the swine and dairy industries. In the case of the swine sector, which is the second largest oil meal consumer in Mexico, it is expected that pork meat production will grow by 2.1 percent in MY 2006 (see MX6010). The total oilseed consumption estimates for MYs 2004/05 and 2005/06 have been revised slightly downward and upward, respectively, based on more current industry information.

Industry sources estimate that demand for soybeans in MY 2006/07 will increase approximately 3.6 percent above the revised MY 2005/06 estimate. Like oilseeds, this increased demand is a result of changing dietary preferences fueled by the relatively strong economy. Though domestic soybean production increased this year, the increase in overall demand was far greater. Therefore, the Mexican crushing industry will continue to look for imported beans from the United States or South America to meet this need. The Mexican crushing industry is concentrated in the hands of five companies (Hidogenadora Yucateca, AGYDSA, RAGASA and Cargill), which have expanded their capacity and have gained market share at the expense of small and medium size crushing operations. Crushing margins are expected to increase slightly as the more efficient crushers control a larger percentage of the market, though high-energy costs threaten to put them at a disadvantage compared to crushers in the U.S. The soybean consumption estimate for MY 2005/06 has been revised upward, based on more current industry information.

MY 2006/07 cottonseed and rapeseed consumption are forecast to increase slightly, reflecting the continued growth in domestic demand for livestock products. Consumption estimates for cottonseed for MYs 2004/05 and 2005/06 have been revised downward and upward, respectively, according to industry sources.

Peanut consumption is forecast to increase approximately 2.2 percent in MY 2006/07, as a result of economic growth and relatively higher consumer purchasing power. Peanut consumption continues to be oriented to the edible food use market, mainly as a snack. According to industry sources, about 85 percent of peanuts are consumed as snacks in Mexico. The consumption estimate for MY 2004/05 has been revised upward to 188,000 MT as a result of economic growth and strong consumer demand.

The MY 2005/06 sunflower seed consumption estimate has been revised downward based on SAGARPA and ANIAME information. Importers have continued to shift from sunflower seeds to soybean purchases, due to attractive soybean prices and the availability of credit from soybean suppliers. For MY 2003/04, sunflower seed consumption is expected to increase slightly, due to slightly greater demand from the confection, snack, and bird-food sectors. Over the last few years only a very small amount of total sunflower production has been used for oil and meal according to ANIAME.

Trade Total

As a result of the fairly positive outlook for Mexico's economy, oilseed imports are expected to increase by approximately 3.8 percent in MY 2006/07. The United States, along with Canada, will continue to be the main suppliers of oilseeds to the Mexican market. Thanks to relatively lower freight costs, U.S. suppliers should remain price-competitive and continue to incrementally increase their market share. Soybeans will continue to be the main imported oilseed in MY 2006/07, representing 70.5 percent of Mexico's total oilseed imports. Mexico's soybean imports are expected to increase by approximately 3.5 percent in MY 2006/07. Mexico's imports from the U.S. are expected to increase by 11.6 percent. This rather substantial increase reflects the dynamic performance of the poultry and hog sectors, and incorporates the fact that 2005 U.S. soybean exports to Mexico were down slightly, compared to 2004, in the face of competition from South America.

It should be noted that the MY 2006/07 import forecast assumes that the GOM will not enforce any regulation against transgenic soybeans. Controversy surrounding transgenic corn and biotechnology has periodically arisen during the last two years, as anti-biotech groups unsuccessfully lobbied Congress to include trade-restrictive measures in the national biosafety bill. There are currently no significant trade barriers to biotech crops (such as transgenic soybean) or foods derived from biotechnology in Mexico. As a signer and ratifier of the Cartagena Protocol on Biodiversity (CPB), and a member of NAFTA, Mexico has steered a delicate course in successfully balancing the competing demands of biodiversity and trade. Due to the passage of a framework biosafety bill in February 2005, which put Mexico in line with its CPB obligations, the GOM must now put into place implementing regulations – a process which will help unify and shore up the current fragmented nature of its biotech regulations (see MX5061).

Canada continues to be the primary canola supplier (which is counted in the rapeseed PSD) to the Mexican market. Canola imports are forecast to increase by approximately 3.8 percent in MY 2006/07 based on the expectation of favorable international prices. Peanut import estimates for MY 2005/06 were adjusted upward as a result of lower domestic production than previously estimated. For MY 2006/07, however, imports are forecast to decrease to 97,000 MT, as a result of the rebound in domestic production. The United States, Nicaragua and Argentina will continue to be Mexico's main suppliers. Peanut export estimates for MYs 2004/05 and 2005/06 were revised downward reflecting official information from the Secretariat of Economy (SE). For MY 2006/07, cottonseed imports are forecast to increase to 294,000 MT a result of lower domestic production and strong demand from the dairy sector. Sunflower seed import estimates for MY 2005/06 were revised downward based on ANIAME information. Industry sources pointed out that oilseed demand continues to be highly price elastic, leading to substitution among competing oilseeds. This is the main factor driving the MY 2005/06 reduction in sunflower seed imports, according to industry sources. For MY 2006/07, however, sunflower seed imports are forecast to increase to 15,000 MT.

OIL MEALS

Production

Total oil meal production is forecast to reach 4.0 MMT in MY 2006/07, an increase of 5.2 percent over MY 2005/06. This increase is driven by favorable prices and greater demand for oil meal from the livestock sector. The meal production estimate for MY 20005/06 was revised downward from previous estimate, reflecting updated industry information.

Dynamic performance in the livestock sector, particularly in poultry production, is driving an expansion in soybean crushing capacity in Mexico. As in past years, high protein soybean meal accounts for approximately 78.5 percent of total Mexican oil meal production. Production of oil meal from imported rapeseed and canola seeds account for approximately 15 percent of total meal usage. This figure is expected to increase to 16 percent next year due to slightly greater rapeseed and canola seed imports. Cottonseed meal production is expected to reach 211 MT in MY 2006/07, driven mostly by strong demand from the dairy sector.

Industry sources have stated that demand for soybean meal in Mexico has grown substantially faster than demand for vegetable and soybean oils. Soybean meal demand increased by 61 percent between MY 1992/93 and MY 2004/05, while demand for vegetable oils increased only by 49 percent, and demand for soybean oil increased by 45 percent. It should be noted that the upward trend in meal production has continued over the past nine years. This trend is reflected in the increase in domestic crushing capacity. As already mentioned, however, this capacity is highly concentrated in the hands of five leading companies. These firms have expanded both capacity and market share over the past decade, while medium and small crushers have scaled back on capacity and lost market share. These major crushers in Mexico continue to invest in their production capacity in an effort to service the growing Mexican livestock sector.

Consumption

Consumption of all oil meal products is expected to increase in MY 2006/07, with imported products representing approximately 26 percent of Mexico's total oil meal consumption. Soybean meal is likely to continue to be the ingredient of choice for the poultry and swine industries. Rapeseed meal consumption should comprise approximately 11 to 12 percent of total meal consumption. Rapeseed meal is used mainly by the swine sector, while cottonseed meal is used mainly by the dairy industry. Total oil meal consumption figures were revised upward for both MYs 2005/06 and 2006/07, reflecting the most recent information.

Soybean meal consumption increased in MY 2005/06 over last year's estimate, and is expected to continue to increase – primarily driven by demand from the poultry and hog industries.

The cottonseed meal consumption estimate was revised upward in MY 2005/06, due to a slight recovery in the dairy sector. Increased fluid milk production is expected in MY 2006/07. This, combined with better herd management, should promote consumption of cottonseed meal.

Rapeseed meal consumption estimates for MY´s 2004/05 and 2005/06 were revised upward, due to competitive prices relative to other oil meals. For MY 2006/07, consumption of rapeseed meal is expected to increase, driven by expected growth in the dairy and swine industries.

The consumption of sunflower seed meal has been revised downward in MY 2005/06 to 8,000 MT, primarily because of high prices. For MY 2006/07, however, a slight increase of consumption is forecast as prices are expected to fall, and consumer purchasing power is expected to increase.

Trade

Meal imports continue to make up a significant percentage of total supply. In MY 2004/05, imported meal accounted for 25.2 percent of total meal supply. In MY 2005/06, this share increased to 26.2 percent, and is forecasted to retreat slightly to approximately 25.6 percent in MY 2006/07. The U.S. has supplied about 99 percent of total meal imports for the past three years.

Rapeseed (canola) meal imports were revised upward in MY 2004/05 and MY 2005/06, according to official statistics released by SE. For MY 2006/07, however, rapeseed meal imports are forecast to decline given the expected increase in domestic production. Cottonseed meal estimates for MY 2005/06 were revised upward in line with SE's preliminary data and ANIAME figures. This trend is expected to continue in MY 2006/07 given the continued demand of the dairy sector. Sunflower seed meal imports are expected to increase marginally in MY 2006/07. It should be noted that protein meal imports remain highly price elastic. Since the opening of the Mexican market, crushers have been able to substitute meals based on price in order to optimize their profits. Thus, from year to year, consumption of cottonseed, rapeseed, and sunflower seed meal can vary significantly.

Early in 2006 FAS/Mexico heard a number of rumors that the Mexican Secretariat of Economy (SE) was considering an anti-dumping investigation against U.S. soybean meal. A consortium of oil seed associations, led by ANIAME and CAPRO (Western Protein and Oil Association) claimed that the U.S. was selling soybean meal below the cost of production. After an initial review of the available data, SE rejected the proposed investigation, claiming that the two oilseed groups had not furnished sufficient data to prove injury.

OILS

Production

Total oil production is expected to increase by approximately 3.1 percent in MY 2006/07 to 1.3 MMT. Industry sources have indicated that the crushing pace continues to be largely determined by domestic demand for vegetable oils. Soybean oil continues to dominate Mexico's oil production. In MY 2006/07 soybean oil will represent 52 percent of total Mexican oil output, while rapeseed oil will represent approximately 31 percent. Mexico also produces relatively small amounts of sunflower, palm oil, as well as approximately 80,000 MT of cottonseed oil and 111,000 MT of coconut oil. The MY 2005/06 total oil production figure was revised slightly downward reflecting updated industry data. As a result of strong competition in the oil market, price continues to be the overriding factor in marketing of vegetable oils.

According to industry sources, large crushers are operating at approximately 75 percent of capacity, a figure that is expected to remain unchanged in MY 2006/07. The soybean oil production estimate for MY 2005/06 was revised upward based on new industry information. Rapeseed oil production is expected to increase to 412,000 MT in MY 2006/07, driven by continued strong demand for oils and projected competitively priced international rapeseed seed prices. The sunflower seed oil production figure for MY 2005/06 was revised downward based on revised SAGARPA data. For MY 2006/07, sunflower seed oil production is expected to remain unchanged, as alternative oilseeds continue to be more price competitive. Cottonseed oil production, as well as palm oil, is forecast to increase in MY 2006/07. Similarly, production of coconut oil is forecast to increase slightly in MY 2006/07, responding to strong demand from soap manufacturers, who consume nearly 60 percent of all coconut oil.

Consumption

Total oil consumption figures from MYs 2004/05 and 2005/06 have been revised downward and upward, respectively, from previous estimates to reflect more recent information from ANIAME and SAGARPA. Consumption is expected to increase in MY 2006/07 due to Mexico's ongoing economic rebound and population growth. Soybean oil continues to be the most important vegetable oil in terms of total consumption. In MY 2005/06 it accounted for approximately 43 percent of the total oil market, while rapeseed oil accounted for 26 percent, palm oil 17.4 percent, and the remainder came from other refined oils such as coconut, cottonseed, and sunflower seed. For MY 2006/07, it is expected that soybean oil will maintain its market share. Most soybean oil is used for food processing and blending with other oils.

The palm oil consumption estimate for MY 2005/06 has been revised downward according to the most recent information from ANIAME and SAGARPA, which indicates lower prices for alternative oils. An eight-percent increase, however, is expected during MY 2006/07 assuming more competitive international prices. For coconut oil, the consumption estimate for MY 2005/06 has been revised slightly upward based on revisions by ANIAME. This trend is expected to continue in MY 2006/07 because the continued strong demand by soap manufacturers, which are the main customers of coconut oil.

In MYs 2004/05 and 2005/06 sunflower oil consumption estimates have decreased sharply from the previous estimate based on revisions by ANIAME. This downward revision was caused by high seed prices and shifting preferences for other vegetable oils such as rapeseed. These oils easily substitutable and highly price elastic, thus slight price fluctuations often compel significant changes in consumption.

Industry sources continue to draw attention to the strong competition that prevails in the Mexican oil market, mainly in the retail sector. Oil processors continue to compete fiercely with each other to gain market share through different strategies, such as advertising campaigns aimed at establishing name brand loyalty, and investing in their own distribution systems. For example, the AGYDSA distribution system is comprised of more than 130 warehouses throughout Mexico, allowing it to capture approximately 33 percent of the oil market in Mexico.

Variety	Presentation	February 05	February 06
Sunflower	1lt. 12 bottle box	138.50	143.60
Mixed vegetables	1lt. 12 bottle box	138.65	135.99
Soybean	1lt. 12 bottle box	122.00	120.00
Corn	1lt. 12 bottle box	239.37	244.97
Corn	17 lt. Can	342.50	325.25
Safflower	17 lt. Can	184.00	178.50

Source: Servicio Nacional de Información de mercados, SNIIM-SE.
Exchange rate (March 29, 2006) US $ 1.00 = 10.96 Pesos

Trade

Oil imports are forecast to increase by approximately 6 percent in MY 2006/07, driven by the strength of the Mexican economy. Palm oil imports are expected to account for 48.4 percent of total imports, which is slightly higher than its market share one year ago (47.3 percent). Industry sources stated that Mexico has imported greater volumes of palm oil because of affordable international prices. MY 2004/05 and MY 2005/06 import estimates have been reduced based on official data published by SE and ANIAME. Imports of soybean oil in MY 2006 are again expected to account for approximately 23 percent of total imports. Rapeseed oil is expected to comprise 13 percent of vegetable oil imports during MY 2006, compared with 14 percent in MY 2005. This slight drop in share is due to expectations of higher international prices. Total oil import estimates for MY 2004/05 and MY 2005/06 have been adjusted downward according to revised SE information and industry sources.

For MY 2006/07, coconut oil imports are forecast at 6,000 MT. The MY 2005/06 coconut oil estimate was revised downward based on SE data.